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ACTIONS QUI TAM¹ UNDER THE PATENT STATUTES OF THE UNITED STATES.

SECTION 4901 of the Revised Statutes of the United States, as part of the Acts relating to Patents, provides for penalties in case any one shall attempt to deceive the public into believing that articles of his manufacture are protected by patent, either, 1. by marking them in such a way as will lead to the belief that they are made under the authority of an actually issued patent, with the consent of the patentee, when in fact no such consent has been given; or, 2. by marking the articles "patented," or with words and symbols having like effect, when in fact they are not patented at all. The obvious intent of the section is to punish persons who fraudulently attempt to impose upon the public the belief that they are enjoying a monopoly in the articles so marked, when in fact they are not.

The section in question reads as follows: —

"Sec. 4901. Every person who, in any manner, marks upon anything made, used, or sold by him for which he has not obtained a patent, the name or any imitation of the name of any person who has obtained a patent therefor without the consent of such patentee, or his assigns or legal representatives; or

"Who, in any manner, marks upon or affixes to any such patented article the word 'patent' or 'patentee,' or the words 'letters-patent,' or any word of like import, with intent to imitate or counterfeit the mark or device of the patentee, without having the license or consent of such patentee, or his assigns or legal representatives; or

"Who, in any manner, marks upon or affixes to any unpatented article the word 'patent,' or any word importing that the same is patented, for the purpose of deceiving the public, shall be liable, for every such offence, to a penalty of not less than one hundred dollars, with costs; one half of said penalty to the person who shall sue for the same, and the other to the use of the United States, to be recovered by suit in any district court of the United States within whose jurisdiction such offence may have been committed."

¹ *Qui tam* or popular actions are so called because instituted by a person "*qui tam pro domino rege quam pro seipso sequitur*." Stephens, Commentaries, vol. iii. p. 436.

This statute, like all statutes providing for the imposition of penalties, is construed with the utmost strictness; and in all matters pertaining to suits to recover penalties under the statute the most rigorous rules of procedure are enforced against the person posing as the informer. Only in criminal actions are matters of doubt so consistently resolved in favor of a party prosecuted as in actions *qui tam* under this or other statutes providing for penalties. The rule enunciated in *Fèrrett v. Atwell*,¹ namely, that "the language of the statute is to be particularly adhered to in the construction of penal laws," is uniformly followed.

Thus only a *person* can be an informer under the statute. Even the United States, which as a collateral party is interested in a suit to recover penalties under the act to the extent of one half the sum recovered, cannot through its attorney be an informer.² The form of remedy and the manner in which it must be sought are clearly pointed out by the statute, and must be strictly followed. Undoubtedly the rule in *Ferrett v. Atwell* (*supra*), that the "person" of the statute must be a *single* person, and cannot be more than one, nor a corporation, although directly applied to an action for penalties under § 4963 of the Revised Statutes of the United States relating to copyrights, would be enforced in a case under the Patent Act should the emergency arise.

The action under the statutes is not in contract, nor analogous to contract. No right to any sum of money or to the performance of any obligation vests in the plaintiff or informer until after verdict and judgment, when the money is assumed to be ready for distribution between the United States and the informer.³

The fact that the damage or penalty is fixed at a definite sum for each offence is merely an accident of the statute, so to speak, and does not make the action for such penalty *quasi ex contractu*.⁴

This classification of actions under the statute in question as actions in the nature of tort is of greater importance than in the discussion of actions for penalties under State statutes, for the reason that under the statutes of most if not all of the States special provision is made for the survival of actions sounding in tort after the death of a party thereto, whereas there is no statute

¹ 1 Blatch. 151.

² *United States v. Morris et al.*, 2 Bond, 23.

³ *Twenty-five Thousand Gallons of Distilled Spirits*, 1 Benedict, 367.

⁴ *Chaffee v. United States*, 18 Wall. 516, 538.

of the United States which provides for the survival of actions; the State statutes providing the rule in every instance.¹

So that, while the proper classification of actions for penalties under State statutes becomes a question of scientific attractiveness merely, such classification assumes a real interest when the Federal statutes are in question. There we are thrown upon the rule of common law, stated in Williams, Executors, 9th ed., p. 697, as follows:—

“But it was a principle of common law that, if an injury was done either to the person or the property of another for which damages only could be recovered in satisfaction, the action died with the person to whom or by whom the wrong was done. Thus, when the action was founded on any malfeasance or misfeasance, was a tort, arose *ex delicto*, . . . and the plea under the old pleading must have been ‘not guilty,’ the rule was ‘*actio personalis moritur cum persona*.’”

And the Statute 4 Edw. III. c. 7, by which it was provided that an executor could maintain such an action as the testator might have had in his lifetime, even though the action sounded in tort, if the tort was of such a nature that it rendered the estate less beneficial to the executor than otherwise it would have been, does not apply to actions for penalties under the Federal statutes.²

When the precise nature of such an action *qui tam* is scrutinized, it becomes clear that there is but one answer to the question whether it survives. Reason answers this question in the negative, because an executor cannot, in the nature of things, continue an action for the estate which he could not bring for the estate. Section 4901 of the Revised Statutes, upon which an action is brought, expressly provides for a *person* to sue for the penalty. An executor, therefore, representing an *estate* cannot begin an action *qui tam* under this act, *as an executor*. Therefore neither can an executor *continue* such an action for a plaintiff deceased.

So, unless special statutory provision can be found whereby the action under § 4901 may be made to survive the party, then death of either party before verdict abates the suit, because at common law the death of a party to an action in tort abated the suit.³

¹ Jones v. Van Zandt's Adm'r, 4 McLean, 604; United States v. De Goer, 38 Fed. Rep. 80.

² United States v. De Goer, *supra*.

³ Hatch v. Eustis, 1 Gall. 160.

Section 955 of the Revised Statutes of the United States does not throw any light on the question; it merely enacts that an executor may prosecute or defend an action in the Federal courts *if such action survive by law*. The law referred to is the law of the State in which the action has been brought.

No State statute can apply to an action *qui tam* under the United States statutes, because the action is not one which can in any event be tried in the courts of the State, for it involves no subject matter which is cognizable, either by the courts or the legislatures of the States. A State statute providing that all actions *qui tam* for penalties should survive would have no effect on actions in the Federal courts brought under a Federal statute. Such actions have their root in the United States statutes, and nowhere else.¹

The District Court of the United States for Massachusetts has recently followed this rule of law, holding that an action under § 4901 of the Revised Statutes abates by the death of the plaintiff, and cannot be revived or continued by his executor.²

While the intent of Congress in enacting § 4901 of the Patent Acts was presumably to throw a healthful restraint in the way of unscrupulous persons who might be tempted to deceive the public, and while it is reasonable to assume that such restraint has been exercised by the statute; on the other hand one may infer from the manner in which the Federal courts have dealt with actions under the act that the informers themselves are not regarded as above reproach. Doubtless many such actions have been brought for the sake of intimidation, not to say blackmail, in cases where the facts did not warrant an information. Whether this is so or not, if any person contemplating bringing an information under § 4901 became acquainted with the decisions of the courts on the subject, any preconceived impression that wealth was easily to be obtained by the process would be dispelled. The reported cases are not numerous, but each one seems to impose a restriction upon the operation of the statute in addition to those imposed by its fore-runner.

The usual mode of committing the offence against the statute is by marking unpatented articles "patented," as provided for by the third paragraph of § 4901. The name or mark used by a genuine patentee is very seldom borrowed without license.

¹ Schreiber v. Sharpless, 110 U. S. 76; United States v. De Goer, *supra*.

² Marshall v. Clinton Wall Trunk Co. (not reported).

As to the burden of proof. The plaintiff in order to prevail must prove beyond a reasonable doubt that the marks were affixed to unpatented articles by the defendant, that they were so affixed with intent to deceive the public, and that the articles were unpatented. The intent to deceive must accompany the specific act of marking, and no intent of subsequent origin has any effect to bring the defendant within the statute. Nevertheless, acts committed by the defendant both before and after the marking may be inquired into for the purpose of determining the actual intent at the time of marking.¹

The ease with which a defendant can clear himself of the imputation of evil intent is suggested by the rule adopted in *Nichols v. Newell*, namely, that if any portion of the articles complained of were marked innocently, and if the plaintiff has not clearly distinguished between the innocent and guilty acts, then it shall be presumed that all the articles complained of were marked innocently.

“After taking all the evidence together, if it can be reasonably and fairly reconciled with defendants’ innocence, then they are not proved to be guilty, although it may be fairly and easily reconciled with the supposition that they committed the acts charged.”¹

But much latitude in the admission of evidence is permitted in such cases, because questions of fraud and deceit are involved.²

One case offers a reasonable rule by which the question of intent may be tested, and guards against so strict an interpretation of the statute as will effectually render it a dead letter. In *Tompkins v. Butterfield*³ the court instructed the jury that recklessness on the part of a defendant in affixing the word “patented” to articles of his manufacture is, in the absence of proof to the contrary, sufficient to establish his guilt. Thus, while a defendant who owns a patent is given the benefit of any reasonable doubt, and permitted to hold any plausible opinion that the articles marked by him do in fact fall within the descriptions of his patent,⁴ there is a limit to the excusable elasticity of his imagination.

In giving defendants in such cases the benefit of every reasonable doubt, the courts will always, it is believed, extend to a patent

¹ *Nichols v. Newell*, 1 *Fisher*, 647.

² *Walker v. Hawxhurst*, 5 *Blatch*. 494.

³ 25 *Fed. Rep.* 556.

⁴ *Lawrence v. Holmes, Booth, and Hayden*, 45 *Fed. Rep.* 357.

actually owned by the defendant the most liberal interpretation consistent with reason. His patent claims will be taken at their face value, and no extrinsic circumstances will be considered for the sake of criticising or limiting the scope of the claims thereby. If therefore the article marked by the defendant and the thing purported to be secured by his patent can be fairly judged to be akin to each other, he cannot be found guilty.¹

Even if the court upon which devolves the matter of interpreting and determining the scope of the defendant's patent² is of opinion that the defendant was wrong in believing that the articles marked fell within the operative scope of his patent, this does not fasten upon him the guilty intent.

"The fact that the label was untrue does not preclude the defendant from showing that he had adequate reason to believe that it was true, and that he had taken competent and authoritative advice upon the subject."³

Where corporations are involved, the intent of the officer or servant of the corporation does not become the guilty intent of the corporation unless his act in fraudulently marking articles was done in the exercise of properly conferred authority.⁴

The mere fact that an officer of a corporation is doing the corporation's business in making or selling goods does not make a fraudulent act in marking them "patented" the act of the corporation. The intent in such a case is special and peculiar, and the knowledge or intent of an officer does not affect the corporation unless he is acting under some specially conferred authority.⁵

Although this strict rule is not always enunciated,⁶ it seems highly probable that an informer, in order to fasten guilty intent upon a corporation, would be required to prove either a special authority conferred upon an officer or servant, or the equivalent of such authority lying in tacit consent to the commission or a repetition of the offence.

The courts before which came the earlier cases under this statute were of opinion that in order to constitute an offence the marking must be upon a *patentable* as well as an *unpatented* article.

¹ *Lawrence v. Holmes et al.*, *supra*.

² *Hawloetz v. Kass*, 25 Fed. Rep. 765.

³ *Lawrence v. Holmes et al.*, *supra*; *Hotchkiss v. Cupples Co.*, 53 Fed. Rep. 1018.

⁴ *Tompkins v. Butterfield*, *supra*.

⁵ *Lawrence v. Holmes et al.*, *supra*.

⁶ *Hotchkiss v. Cupples Co.*, *supra*.

Thus, unless the article in question was obviously patentable, the informer was required to aver and prove that the thing on which the word was placed was legally the proper subject for a patent.¹

If this holding had not been promptly overruled, it would doubtless have been modified to mean that the article marked must appear to be, or be averred to be, such a one as might be considered patentable by the ordinarily reasonable man. Even this softening of the old rule leaves much to be desired, for who shall be sure of his opinion when experts disagree? Only in such cases where a court can say, out of its judicial knowledge of commonplace things, that the article complained of has never been patented and cannot be patented, will the declaration be demurrable on the ground taken in *United States v. Morris*.² Under this rule, should the case of obvious unpatentability arise, an averment that the article was patentable would be idle as against manifest truth. But all this exception can amount to is that no statutory offence will be found when the marking was evidently so ridiculous that deceit stood out of the question. A man may mark his cows "patented" with impunity so far as the statute is concerned, even if his actual intent to deceive the public is of the most virulently evil character.

With equal reason the courts hold that there is no offence against the statute in marking goods with the date and number of an expired patent; the public is presumed to know the term of United States patents.³

In treating cases which arise under this statute, inquiry must be directed to the critical period in the transaction, namely, the time when the marks were affixed.

If, at the time when the word "patented," or words and marks of like import, were affixed to the article there was no guilty intent, then subsequent development of an intent to deceive is of no consequence, and is insufficient to support an information. Marks applied in the honest expectation that a patent is presently to be granted are innocent.⁴

Thus, where a defendant was charged with unlawfully affixing patent marks in Cincinnati, and with renewing the offence by bringing the goods marked for sale into New York, the court in the District of New York held that the act provided for by the

¹ *United States v. Morris*, *supra*.

² *Olliphant v. Salem Flouring Mills*, 5 Sawyer, 138.

³ *Wilson v. Singer Mfg. Co.*, 12 Fed. Rep. 57.

⁴ *Ferrett v. Atwell*, 1 Fisher, 647.

statute was completed in Cincinnati, and that no subsequent "uttering" of the marks in another district than that of Ohio in any manner constituted a punishable offence. Though the acts done subsequently to the unlawful marking may in themselves be far more deceitful and harmful than the mere marking, they do not fall within the operation of the statute, which as a penal statute must always be strictly construed, and be confined in its operation to acts which come plainly and literally within the meaning of the language employed.¹

The damages which may be assessed and imposed as a penalty for any one offence are according to the statute "not less than one hundred dollars." When the courts of the United States were first called upon to construe the statute, the expression "not less than one hundred dollars" led to the instruction to a jury that they were to find damages in not less than one hundred dollars for each offence, and as much more as they chose to assess.²

But, for the reason that the terms of the statute did not provide for any maximum limit of penalty, the courts soon departed from this liberal treatment of the statute, and held that no more than one hundred dollars should be assessed as the penalty for any one offence. In *Stimpson v. Pond*³ the matter was regarded as a question of doubt, although the court (Curtis, J.) was decidedly of opinion that the statute did not authorize the infliction of a penalty greater than one hundred dollars for each offence. Whether the weight of the mere opinion of so distinguished a judge, or the obvious perils of leaving so serious a matter as the estimation of the amount of a penalty to a jury, has influenced the courts does not appear; but all cases after *Stimpson v. Pond* have apparently proceeded upon the assumption that Mr. Justice Curtis's opinion was a sound one, and that the proper rule of construction of the statute in this respect is to restrict the penalty to the only precise sum named in the statute.

This amount, if multiplied by a large number, representing successive fraudulent markings of unpatented articles, or markings without the authority of the true patentee, enables an informer to lay his damages or penalties in a very liberal sum.

Doubtless the statute has appealed to some informers as an open road to great and sudden wealth; for in recent years, when manufactured articles are produced by thousands by a single manu-

¹ *Pentlarge v. Kirby*, 19 Fed. Rep. 501; *Hotchkiss v. Cupples Co.*, 53 Fed. Rep. 1018.

² *Nichols v. Newell*, 1 Fisher, 747.

³ 1 Curtis C. C. 502.

facturer, a series of wanton errors in the matter of marking goods may enable the informer to figure up his rewards in millions. If he believes, however, that the only duty which devolves upon him as a plaintiff is to prove the manufacture and marking of a number of articles, with such words as the statute prescribes, and to show further that no patent exists under which the marking can be justified, leaving the matter of guilty intent to inference (as in *Tompkins v. Butterfield*, *supra*) he pursues a phantom. The courts have jealously guarded the operation of the statute, so that a defendant who is brought to trial may only be fairly punished, and an informer reasonably rewarded. The treatment of cases arising under § 4963 of the Revised Statutes, which provides for penalties in case the word "copyright" shall be falsely applied to uncopyrighted articles, is precisely the same as that of cases under the patent statute; so that the two classes of cases may be discussed together.

The question arose whether more than one penalty can be imposed in a case where two thousand chromos, wrongfully marked "copyrighted," were printed each day for twenty-five consecutive days, the chromos struck off on the successive days being identical except for the names of different persons printed thereon, by way of advertisement. It was held that only where the continuity of an act is broken by lapse of time, or other circumstances, can there be found to be more than one offence. Here the acts were continuous, and without variation, so that there was in law but one offence.¹

Likewise, where several unpatented articles are falsely marked patented, and the marking is done so that the whole is one continuous act, then but one offence is committed, and only a single penalty can be recovered, although many articles may have been marked.²

Obviously, under such a rule of construction as this, there must also be clearness and definiteness in the pleadings of an informer. Where an informer averred in one count that the defendant had marked ten thousand uncopyrighted articles "copyrighted," and prayed judgment for one hundred dollars for each alleged fraudulent marking, it was held on demurrer that the declaration was bad, since it joined ten thousand separate causes of action in one

¹ *Taft v. Stephens Litho. Co.*, 39 Fed. Rep. 781.

² *Hotchkiss v. Cupples Co.*, *supra*.

count. So liberal a misjoinder as this is perhaps without parallel. The court stated expressly that, where the printing of many copies is a single continuous act, but one offence is committed. There should be a clear divergence as to each transaction, both as to time and circumstances.¹

It is clear, after a consideration of the cases under this statute, that the strictness of construction adopted by the courts, the heavy burden of proof which is imposed upon the informer, and the obvious difficulty of proving a fraudulent intent on the part of a defendant, combine to dissuade a person from undertaking the expense and trouble of litigation merely for the sake of plunder. Only a genuinely interested or inspired individual is likely to turn informer; and others are easily dissuaded from lodging complaint so soon as the true nature of their prospects is made clear to them.

It is more than likely, therefore, that actions *qui tam* under the patent statutes will continue to be a rarity in the Federal courts.

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¹ Taft *v.* Stephens Litho. Co., 38 Fed. Rep. 28. See also United States *v.* Eagan, 30 Fed. Rep. 498.